

FY06-07 Closing and
FY07-08 Opening Training
for Higher Education

Presented by

Office of the State Controller



April 12, 2007



Presenters

Les Shenefelt, State Controller

FAST

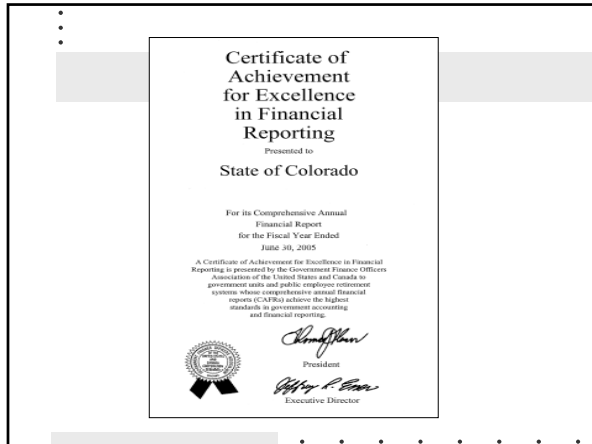
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Reporting & Analysis

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Agenda – General Session

- Opening Comments
- Review/Overview
 - Long Bill Booking Process
 - PV Run Immediate
- Calendar Highlights – Closing and Opening
- Administrative Highlights
- FAST Closing Issues
- R&A Closing Changes/Issues
- Questions



Long Bill Booking Process

Agenda

- Background
- Long Bill Coding Structure
- "Book" Process & AP documents

Background

- Appropriated (via legislation)
 - Revenue Control
 - Stipends, COF, Tuition & Fees
- Non-Appropriated
 - Grants, etc.

Long Bill Coding Structure

- Long Bill Accumulator (LBAR)
- Long Bill Group (LBGR)
- Funding Source Code (FSCT)
- Long Bill Line (LBLR)
- Appropriation Code (APP2)

Coded Long Bill

ITEM & SUBTOTAL	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$
Stipends for an estimated 123,124 eligible full-time equivalent students attending state institutions at \$2,500.00 per 30 credit hours	318,091,920 0500					
Stipends for an estimated 600 eligible full-time equivalent students attending participating private institutions at \$1,290.00 per 30 credit hours	774,000 0505					
	APE 319,465,920	\$4,065,920		235,400,000*		
*This amount shall be from the General Fund Exempt Account created in Section 24-77-103.6 (2), C.R.S.						
(B) Fee-for-service Contracts with State Institutions						
	GAX 258,636,124 0510			258,636,124		
	APR 578,102,044	GAP				
(B) GOVERNING BOARDS						
(A) Trustees of Adams State College ¹⁰						
	LBGR BAC 19,022,617 0510					19,022,617* (Ch.1 FTE)
	FSCT LBLR	NAP	APP2			

*Of this amount, \$12,562,412(1/3) shall be from General Fund appropriated to the College Opportunity Fund Program in the Department of Higher Education, \$6,368,199 shall be from the students' share of tuition, and \$92,099 shall be from academic fees and academic facility fees. Of the amount from the College Opportunity Fund Program, \$3,898,380 shall be from student support payments and \$6,664,073 shall be from fee-for-service contracts.

APP2 Table

APPROPRIATION CODE REFERENCE TABLE
KEY IS BUDGET FISC YEAR, FUND, AGENCY, ORGANIZATION, APPR CODE

BUDGET FY: 07 FUND: 320 AGENCY: GYA ORG: APPR CODE: LBA

APPR NAME: ENTERPRISE APPROPRIATION APPR SHORT NAME: ENT APPROP
APPR TYPE: 01 APPR END DATE: 06 30 07 STATUS: A

LONG BILL LINE ITEM: 05180 FUNDING SOURCE CODE: BAC
LONG BILL GROUP: GBF BUDGET CATEGORY: 190

LONG BILL GROUP ACCUMULATIONS: GBA 1302 REPORTING: N

CONTROL OPTIONS: CENTRAL APPROVAL CODE: Y
ALLOTMENT: N AUTO APPR GENERATED: A
ALLOTMENT FREQUENCY: Y BUDGETED FTE: 0.00
EXPENSE BUDGET: N ACTUAL FTE: 0.00
OBJECT LEVEL: N
GBL REQUIRED: N
PROGRAM REQUIRED: N

Vicki Nichol creates the APP2 records for the institutions.

Common APP2s for Higher Ed

Appropriated

LBA – Long Bill Appropriation

Non-Appropriated

NAP – Non-Appropriated

CWS – Work Study

GOS – Governor's Opportunity Scholarships

LNLM – Loan Match Program

NBG – Need Based Grants

MBG – Merit Based Grants

NTG – Nurses Training Grant

SIG – CO Leveraging Educational Assistance Partnership Program (formerly Student Incentive Grants)

SPC – Scholarships for Precollegiate Programs

“Book” Process and AP Documents

- Automated “Book” process to simplify Long Bill Booking
 - Populates Shell AP Documents based on approved APP2s
 - Enter spending authority indicator (SAI) & Dollar Amount
 - SAI = “01” for Long Bill Recording or “07” to activate non-appropriated coding
 - Once agency puts level “3” approval, system puts level “4” approval
 - Produces BDA17R Report for FAST so agency does not have to submit hard copy to the OSC
- Appropriated and non-appropriated spending authority
- Runs March 26, 2007 to June 30, 2007

Book Process and AP Documents

FUNCTION:	DOCID:	AP GYA 0700000013	04/09/07 09:24:35 AM
STATUS: REJECT	BATID:	ORG:	
H:	APPROPRIATION INPUT SCREEN		
APPROPRIATION DATE:	04/09/07	ACCOUNTING PRD:	10/07 BUDGET FY: 07
FUND:	320	AGENCY:	GVA ORGANIZATION:
FUNDING SOURCE CODE:	BAC	FUND SOURCE DESC:	ADAMS STATE COLLEGE
SPENDING AUTHORITY INDICATOR:	01	HEADNOTE:	
GEN EXEMPT DETAIL OPT:	N	CASH EXEMPT DETAIL OPT:	N
CASH DETAIL OPT:	N	FEDERAL DETAIL OPT:	N
APPR AMOUNTS	ID	B/A OPTION	
TOTAL:	07	I	
GENERAL:	0	I	E
GENERAL EXEMPT:	0	I	E
CASH:	0	I	E
CASH EXEMPT:	0	I	E
FEDERAL:	0	I	E
A--BP03: DOCUMENT ERRORS DETECTED	H--BLUPE: MISSING SPENDING AUTH IND		
FUNCTION:	DOCID:	AP GYA 0700000013	04/09/07 09:25:38 AM
STATUS: REJECT	BATID:	ORG:	001-001 OF 001
APPR	REST	GCF REVENUE	
ACT CODE:	RES REF IND TYPE:	WY	SOURCE APPROPRIATION NAME
AMOUNT	ID	B/A OPT	COMMENTS
01- C LB	0		ENTERPRISE APPROPRIATION

Summary

- FAST sends Vicki Nichol the FY08 APP2 records
- Vicki coordinates updates and notifies FAST
- FAST approves APP2s
 - BDA16R Report is generated showing what AP document numbers were created
- Vicki enters the SAI and dollar amounts on shell APs and notifies agency to put their level “3” approval on the AP
 - BDA17R Report is produced based on the level “3” approval
- FAST approves AP document

PV Run Immediate

Why?

Produces warrant the next day, rather than the following day.

How?

- 1) Date one business day prior, and
- 2) After approving, do additional function of “R” – changes status from scheduled to accepted.

FUNCTION: PV GJJ 07000000039 04/09/07 08:08:45 AM
STATUS: SCHED BATID: ORG:
H- PAYMENT VOUCHER INPUT FORM
PV DATE: 04/09/07 ACCOUNTING PRD: 10/07 BUDGET FY: 07
ACTION: E PV TYPE: 1 SCH PAY DATE:
OFF LIAB ACCT: FA IND: DOCUMENT TOTAL: 106,279.08
CALC DOC TOTAL: 106,279.08
VENDOR CODE: 134994650 * CHECK CATEGORY: G T SINGLE CHECK FLAG:
VENDOR NAME: JP MORGAN CHASE BANK NA
DBA:
ADDRESS: PO BOX 94016
CITY: PALATINE ST. IL ZIP: 60097 4106

Opening Comments

- Fiscal Procedures Manual
 - http://www.colorado.gov/dpa/dfp/sco/FiscalProcedures/Cur/manual07_08.htm
- Audit Risk Letter
- Highlights
- Agency Planning Checklist



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- July 13
- August 1
- August 15
- August 31
- Audit Completion

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- July 13
- August 1
- August 15
- August 31
- Audit Completion

- Final Close of period 12.
- Last day for PV, IT, CR, encumbrance transactions. (See table Chapter 1, Section 3, p. 42)



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- July 13
- August 1 ←
- August 15
- August 31
- Audit Completion

- Period 13 closes for agency input.
- This is it.
- No more entries.



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- July 13
- August 1
- August 15
- August 31
- Audit Completion

- Agency exhibits (except I, J & K) due to SCO. (Chapter 3, Section 5, p. 131)



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- July 13
- August 1
- August 15
- August 31
- Audit Completion

- Exhibits I & J due to the SCO. (Chapter 3, Section 5)



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- July 13
- August 1
- August 15
- August 31
- Audit Completion



- Submit copy of Management Representation Letter to OSC.



FY07-08 Calendar Highlights

OPENING

- June 18
- July 13
- August 20



- June 18
- July 13
- August 20



FY07-08 Calendar Highlights

OPENING

- June 18
- July 13
- August 20

- Deadline for agency's level 3 approval on AP documents needed to record the FY07-08 Long Bill.

- June 18
- July 13
- August 20

- Deadline for agency's level 3 approval on AP documents needed to record the FY07-08 Long Bill.

FY07-08 Calendar Highlights

OPENING

- June 18
- July 13
- August 20

- Rollover of purchase documents from FY06-07 to FY07-08. Coding for EPS transactions must be correct, EAP transactions must be agency approved from SUSF. (Chapter 1, Section 4, p. 143)

- June 18
- July 13
- August 20

- Rollover of purchase documents from FY06-07 to FY07-08. Coding for EPS transactions must be correct, EAP transactions must be agency approved from SUSF. (Chapter 1, Section 4, p. 143)


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FY07-08 Calendar Highlights

OPENING

- June 18
- July 13
- August 20

- COFRS goes on “full appropriation control”.



Calendar Review

- Closing
 - July 13
 - August 1
 - August 15
 - August 31
 - Audit Completion
- Opening
 - June 18
 - July 13
 - August 20

Administrative Highlights

- * OSC, Office of the State Controller
- * Fiscal Officer contact information is now maintained on the OSC's website: <http://www.colorado.gov/dpa/dfp/sco/contacts/fiscalcontacts.htm>
 - Do not submit changes to OSC staff
 - Make updates via the automated form
- Reporting and Analysis has a new mailbox : R&A@state.co.us
 - Submit all data and correspondence to this mailbox rather than individual staff members

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- A horizontal timeline consisting of a light gray rectangular area on the left, followed by a horizontal line with eight evenly spaced black dots.

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- A horizontal timeline consisting of a light gray rectangular area on the left, followed by a horizontal line with eight evenly spaced black dots.

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Chapter 3 Section 3

- Fund Balance Accounting (page 103)
 - OSC uses only 3161 and 32XX for fin stmts (Clear or maintain other accounts)
 - 3161- Rsrvd-Statutory Purpose-Fin Stmt
 - More restrictive than the nature of the fund
 - Review the enabling statutes of your funds
 - All JA's affecting FCAT fund balance require disclosure in the CAFR
 - Apply professional judgment and talk to us

Chapter 3 Section 4

- Suggested PERA footnote disclosures (page 110)
 - Completely revised
 - Contribution rate changes for AED
 - Two (sometimes 3) tiers of benefits based on hire date.
 - Supplemental AED disclosed

Changes to Exhibits-General

- Shading shown in protected cells
- All cells protected except data entry cells
- Remove protection – Tools, Protection, Protect sheet or Unprotect Sheet
 - Not password protected

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Changes to Exhibits-General

- Exhibits I and R
 - Submit in paper format with ORIGINAL signatures
 - No copies, no fax, no electronic signatures

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Exhibit C – Changes in LT Liabilities

(page 140-141)

- Reclassification entries and balances
 - Reclass to current is a reduction
 - Reclassification between agencies, funds, or certain accounts:
 - Show the debit (reduction) and the credit (increase) both in the deductions column
 - 2800 to 2805 (or 2808 to 2813) – presentation entry only – no net change in LT liability

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Exhibit G – Debt Defeasance

(page 152-53)

- Reconciliation added for beginning to ending outstanding defeased balance
 - Beginning must equal prior year ending
 - Report current year defeasance as additions
 - Report escrow agent payments as deductions

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Exhibit J – F/S Reconciliation

(page 160)

- Higher Education Institutions only:
 - Removed Internal Service Fund eliminations as a presentation entry
 - Elimination must be done on COFRS in fund 399

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Exhibit K – Schedule of Federal Assistance

(page 166-171)

- Report all new loan issuance
 - Use 84.032 for new loans not guaranteed by College Assist
 - Use 84.CSL for new loans guaranteed by College Assist
- New loan issuance = receipts from lenders applied to student receivables.

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Exhibit K – Schedule of Federal Assistance

(page 166-171)

- List of state agency DUNS #s at:
 - <http://www.colorado.gov/dpa/dfp/sco/FiscalProcedures/Cur/DUNS.pdf>

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Exh W1/W2 – Changes in
Capital Assets (page 216-219)

- Reconciliation of Accumulated Depr additions to depreciation expense
 - Additions column must equal COFRS 4130
 - GFOA comment – not a new requirement
 - Exhibit reconciling balances report (PE 12 and Final) will include the 4130 balance for your reference
 - Update Exhibit W1/W2 for any postclosing adjustments affecting 4130

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Exh Y1/Y2 - What Is OPEB?

- Can't we put this off?
 - Yes, but only for six slides!

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Chap 5 Sec 5 TABOR (page 292)

- Table listing of TABOR exempt enterprises with fund numbers has been updated
- No known newly qualified enterprises at this date

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GASB 42 – Insurance Recoveries (page 331 and 332)

- Sections 9.1.12 and 9.2.11 text and examples revised
- Expenditure of insurance recoveries on asset damage that does not qualify for impairment accounting should be report as a noncapitalizable object, such as, 2220 Bldg Maintenance and Repair

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Chart Changes (page 356)

- Most of the fund table changes are due to three new FCATs in FY06-07
 - Environment & Health Protection
 - Resource Management
 - Resource Extraction
- Previously in FCAT RZ Other Special Revenue Funds
- Beware of intra/interfund classification of transactions

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Chart Changes (page 356)

- Nine new funds
 - Five Special Revenue
 - Three Enterprise
 - One Agency Fund

Chart Changes (page 358)

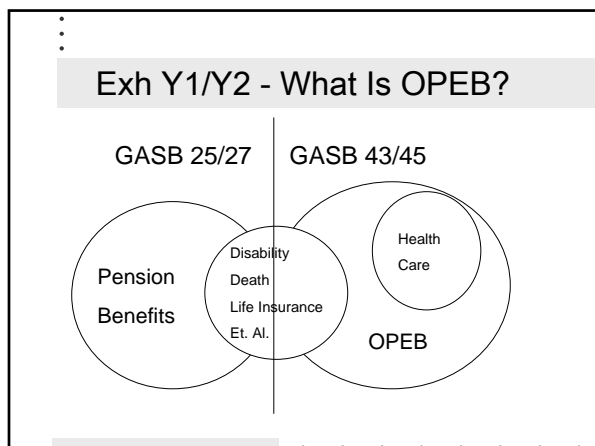
- Three new or moved agencies
 - CLA – Fort Lyon Warehouse
 - EDB – Council on the Arts
 - GFF – UCDHSC Blended Entities
- Two new Object and two new Revenue Source Codes - all agency specific except
 - 1962 Personal Svcs – IT – Consulting (after FPM publication)

Chart Changes

- Six new Balance Sheet Accounts
 - Two are agency specific
 - One is 3161- Resrvd – Statutory Purpose – Fin Stmt (discussed previously)
 - Three have general applicability
 - 2813 – Unspent COP Proceeds
 - 2814 – Captl Unamort COPs Refunding G/L
 - 2815 – NonCurrent COPs Accrued Interest

Exh Y1/Y2 - What Is OPEB?

- Postemployment healthcare benefits (medical, dental, vision, hearing)
- Other forms of postemployment benefits when provided separately from a pension plan (for example, life insurance, long-term care, cash stipends if compensation for services)



Exh Y1/Y2 – OPEB - General
(pages 220-223)

- GASB 43 – Plan reporting
 - Title - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
 - Effective FY06-07
 - If your plan sponsor does not publicly issue separately audited stand-alone GASB/GAAP F/S then you are the plan
 - Applies only if you have trust fund meeting GASB's requirements

Exh Y1/Y2 – OPEB - General
(pages 220-223)

- GASB 45 – Employer reporting
 - Title – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions
 - Effective FY07-08
 - Disclosures aligned with GASB 43 to prevent duplication when both apply

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- Which of these standards applies to me?
 - If you offer OPEB GASB 45 always applies
 - If you have established a trust fund internally then GASB 43 also applies

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- Why would I establish a trust and make GASB 43 applicable?
 - Discount rate – major factor in the size of the Annual Required Contribution and Net OPEB Obligation recognized over time
 - Without a trust, discount rate is government's general investment rate of return
 - Compare PERA's 8.5 percent discount rate to the state's T-pool rate of about 4 percent
 - With a trust, a partially funded plan can use a blended rate (no benefit for paygo plans)

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- What are GASB's requirements for the trust?
 - Contributions are irrevocable
 - Plan assets are protected from creditors
 - Plan assets are dedicated to benefits

Colorado's Major OPEB Plan - PERACare

- PERA will implement GASB 43
- OSC will implement GASB 45 in the following year using PERA's GASB 43 disclosures to the extent applicable
- PERACare OPEB is not an issue in FY06-07, but will be for stand-alone F/S disclosures in FY07-08

What are the Reporting Objectives?

- Recognize OPEB cost (expense) systematically over periods approximating employees' years of service (prospectively)

What are the Reporting Objectives?

- Provide relevant information about:
 - actuarial accrued liabilities for promised benefits associated with past service,
 - the annual cost of OPEB, and
 - progress made in funding the plan

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What Are the Key Features of the Parameters?

- Discounting
 - Investment return assumption – long-term yield on investments expected to be used to finance payment of benefits
 - If not funding, investment return for government's own assets
 - Weighted average for partially funded plans

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Does a Institution have OPEB If Their Employees Pay Their Own Way?

- No, as long as retirees are insured separately from current employees
- However, if they are insured together as a group, an "implicit rate subsidy" exists, and it is a form of OPEB that is reported

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Why Are Implicit Rate Subsidies So Important?

- Health care costs for retirees are significantly higher
- Retirees that pay for the cost of healthcare benefits through a blended premium may not be paying the actual costs of their benefits

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Employees	Number	Monthly Cost	Age-adjusted Premium	Blended Premium
Active	400	\$80,000	\$200	
Retired	100	\$40,000	\$400	
Total	500	\$120,000		\$240

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- No – Funding is a policy decision that will be made by the institution
- Implications
 - Net OPEB Obligation
 - Discount rate used

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- Made direct payments of benefits
- Paid insurance premiums
- Irrevocably transferred assets to a dedicated trust, or other third party acting in that capacity, to fund benefits as they come due in the future

What Will Be Reported in the Financial Statements?

- GASB 43 – Plan Reporting FY07
 - Trust Arrangement required
 - SOFNA or SONA (if HE) – Plan assets (investments/receivables) if any advance funding is done - offset by current premium/benefits payable (No LT actuarial liability)
 - SCFNA or SRECNA (if HE) – Premiums/benefits paid or payable as Deductions, and inflows from the operating fund and investment earnings as Additions

What Will Be Reported in the Financial Statements?

- GASB 45 – Employer (FY08)
 - SONA - Cumulative difference between amounts expensed and contributions or benefits paid will create a liability (or asset) called the net OPEB obligation (NOPEBO)

What Will Be Reported in the Financial Statements?

- GASB 45 – Employer
 - SRECNA - Annual OPEB expense equals:
 - YR1... Annual Required Contribution (calculated by actuary including amortization of UAAL),
 - YR2 ... Interest on the beg bal of NOPEBO if applicable (using actuarial interest rate)
 - YR2 ... Less an adjustment to remove duplication between interest on the NOPEBO and the actuary's amortization of past contribution deficiencies included in the ARC

Accrual-Basis Illustration (Initial Year of Implementation)

Normal cost (service cost for year)	\$ 29,000
Amortization of the UAAL	<u>30,000</u>
Annual required contribution (ARC) and annual OPEB cost/expense*	59,000
Actual employer contribution (PAYGO amount here = 42% of annual OPEB cost)	<u>(25,000)</u>
Increase in net OPEB obligation	34,000
Net OPEB obligation – beginning	<u>(—0—)</u>
Net OPEB obligation – ending	<u>\$34,000</u>

* Assuming that the net OPEB obligation at transition was set at zero (prospective implementation)

Note Disclosure – Highlights

- Exhibit Y1 – 28 questions addressing :
 - Assumptions used
 - Required disclosure of funded status as of the most recent actuarial valuation (same elements of information required as RSI in Schedule of Funding Progress)
 - Linking language to RSI, and
- Separate F/S for each plan (Exh. Y2)

RSI - Funding Progress ScheduleExhibit Y2

Actuarial Valuation	Actuarial Value of Assets	Actuarial Liability (AAL) – Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Date	(a)	(b)	(b – a)	(a / b)	(c)	((b – a) / c)
6/30/X0	\$202,060	\$1,883,350	\$1,681,290	10.73%	\$ 4,789,238	35.11%
6/30/X1	298,400	2,445,810	2,147,410	12.20	4,774,084	44.98
6/30/X2	361,790	2,744,210	2,382,420	13.18	4,632,086	51.43

RSI - Schedule of Employer Contributions – Exhibit Y2

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/X0	\$929,401	100%	\$0
6/30/X1	910,042	100	0
6/30/X2	870,517	100	0

How Frequently Should A Valuation Be Conducted?

- OPEB plans with 200 or more total members – actuarial valuations at least *biennially*
- OPEB plans with fewer than 200 total members – actuarial valuations at least *triennially*
- OPEB plans with fewer than 100 total members could choose (a) actuarial valuations *or* (b) calculations using an “alternative measurement method” that employs simplified assumptions

When Is the Standard Effective?

- Three phases of Statement 43 – Colorado is phase one
- Separate reporting by plans (Stmnt 43) - periods beginning after December 15, 2005 (FY2006-07)
- Institutions (Stmnt 45) - periods beginning after December 15, 2006 (FY2007-08)

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GASB Publications On OPEB

- Implementation guide
 - Over 250 questions and answers regarding the OPEB standards
 - More than two dozen illustrations

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GASB 48 - Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

- Objective – Determine if event is a sale or a collateralized borrowing

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GASB 48 - Sales and Pledges

- Default is collateralized borrowing
- Implication – No selling your future to party now (at least for GAAP)

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GASB 48 - Sales and Pledges

- Sale or borrowing based on extent of continuing involvement
 - Assessed based on the transferor's (xfror's) retention or relinquishment of control
 - Forget risk – GASB decided against a risk based analysis

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GASB 48 - Sales and Pledges

- For Receivables:
 - Continuing involvement is terminated if:
 - No limit on xfree's ability to sell or pledge, and
 - Xfror can't unilaterally substitute or reacquire, and
 - Sale agreement is not cancelable by either party, and
 - Receivable and resulting cash flow is isolated from xfror (isolation is specifically defined)
 - Be careful in the agreement you write

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GASB 48 - Sales and Pledges

- For revenues sale occurs if continuing involvement is limited as follows:
 - Xfror has no active involvement in future generations of revenue (Extensively defined)
 - Xfror does not limit ultimate owner from selling or pledging the revenue
 - Cash collections isolated from xfror (defined)
 - Original provider of revenues has not precluded xfror from transferring or assigning
 - Sale is not cancelable by either party

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GASB 48 - Sales and
Pledges

- Certain levels of acceptable involvement are defined
- Accounting for both sales and borrowings is defined

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GASB 48 - Sales and
Pledges

- Sale of receivables recognize gain/loss for difference between carrying value and sale price
- Sales of future revenue (even to an external party) must be deferred by xfror
 - Recognize over the life of the agreement when they would have been recognized if not sold

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GASB 48 - Sales and
Pledges

- Intra-entity transfers
 - Sales of receivable should be done carrying value with gain/loss by xfror and expense by xfree for difference between carrying value & sale price
 - Revenue sales must be deferred by xfror and recorded as a deferred charge by xfree
 - Recognize revenue over agreement life
 - Amortize the deferred charge over agreement life

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GASB 48 - Sales and Pledges

- Effective for periods beginning after 12/15/06 – Fiscal Year 2007-08
- Only the deferral of sales of future revenues can be applied prospectively – all other provisions require restatement or cumulative effect.

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Stmt 49 -Pollution Remediation

- Obligations to address the current or potential effects of EXISTING pollution
- Excludes pollution prevention and control obligations
- Estimate outlays when any one of five obligating events occurs
- Accrue outlays as liability (or capitalize if criteria are met, which is unusual)

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Stmt 49 -Pollution Remediation

- Obligating events:
 - Imminent endangerment compelling action
 - Violation of pollution permit or license
 - Regulator has or will name you as a PRP or responsible for sharing costs
 - Named or will be named in remediation lawsuit
 - Commencing or legally obligating to commence remediation

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Stmt 49 -Pollution Remediation

- Componentize the liability and accrue as the components become measurable
 - Legal, site investigation, remediation, post remediation monitoring, etc
 - Accrue estimate using the expected cashflow technique
 - Re-assess each period as additional outlays become measurable

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Stmt 49 -Pollution Remediation

- Expected cashflow technique for estimating the liability
 - Probability weighted cost estimates
 - Examples show three estimates each with different probability
- Will require information from engineers or risk management offices

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Stmt 49 -Pollution Remediation

- Insurance and/or recovery from PRPs
 - Reduce remediation expense when recovery is estimable
 - If not realized or realizable estimate of recovery also reduces remediation liability
 - If realized or realizable report as recovery asset (cash or receivable)

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Stmnt 49 -Pollution Remediation

- Disclosures include:
 - Nature and source of obligations
 - Amount of the estimate if not apparent
 - Methods and assumptions used
 - Potential for change in estimates
 - Recoveries anticipated offsetting liability
- Effective for periods beginning after 12/15/07, that is, Fiscal Year 2008-09

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Questions?



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THE END